

**TOWNSHIP OF LEBANON  
COUNTY OF HUNTERDON  
STATE OF NEW JERSEY**

**REPORT OF AUDIT  
DECEMBER 31, 2018**



TOWNSHIP OF LEBANON

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**PART I**  
**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

## **AUDITORS' REPORTS**





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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Township Committee  
Township of Lebanon  
530 West Hill Road  
Glen Gardner, New Jersey 08826

### ***Report on the Financial Statements***

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Lebanon, County of Hunterdon, State of New Jersey (the "Township"), as of December 31, 2018 and 2017, and the related comparative statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds, and the related notes to the financial statements for the year ended December 31, 2018, which collectively comprise the Township's basic financial statements listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of

-Continued-

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 to the financial statements, the Township prepares its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, or the results of its operations and changes in its fund balances for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2018 and 2017, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

***Other Matters***

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

-Continued-

Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the Supplementary information referred to above.

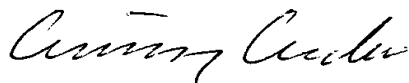
***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

ARDITO & CO., LLP



Frenchtown, New Jersey  
April 30, 2019



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & CO., LLP  
Frenchtown, New Jersey  
April 30, 2019

## **FINANCIAL STATEMENTS**

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 1

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>BALANCE</u> <u>12/31/17</u>
<b>Cash and Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$ 3,066,080	\$ 3,956,746
Due From State of New Jersey - Veterans and Sr. Citizens Deductions	A-18	<u>3,682</u>	<u>3,682</u>
<b>Subtotal</b>		<u>3,069,762</u>	<u>3,960,428</u>
<b>Receivables And Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	353,533	373,119
Tax Title Liens Receivable	A-7	173,862	178,025
Property Acquired for Taxes - Assessed Valuation	A-9	94,200	94,200
Due from Animal Control Fund	B	421	129
Due from General Capital Fund	C	<u>27,279</u>	<u>-</u>
<b>Subtotal</b>		<u>649,295</u>	<u>645,473</u>
<b>Deferred Charges:</b>			
Over-expended Appropriations	A-1	<u>47,890</u>	<u>-</u>
<b>Subtotal</b>		<u>47,890</u>	<u>-</u>
<b>Subtotal - Current Fund</b>		<u>3,766,947</u>	<u>4,605,901</u>
<b>Federal and State Grant Fund:</b>			
Cash	A-4	27,587	24,941
Due From Current Fund	A	38,462	56,675
State Grants Receivable	A-19	<u>496,706</u>	<u>370,185</u>
<b>Subtotal</b>		<u>562,755</u>	<u>451,801</u>
<b>TOTAL ASSETS</b>		<u>\$ 4,329,702</u>	<u>\$ 5,057,702</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 2

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>BALANCE</u> <u>12/31/17</u>
<b>Liabilities:</b>			
Reserve for Encumbrances	A-10	\$ 181,356	\$ 100,254
Appropriation Reserves	A-3:11	132,663	135,948
Due to Grants Fund	A	38,462	56,675
Amount Due To Other Trust Funds	B	24,155	38,167
Due General Capital Fund	C	-	118,946
Taxes Collected In Advance	A-12	221,160	1,344,397
Reserve for Codification of Ordinances	A-13	5,625	5,625
Amount Due County For Added Taxes	A-14	4,408	3,416
Local District School Tax Payable	A-15	445,997	346,738
Regional High School Taxes Payable	A-16	1,054,392	926,630
Reserve for FEMA	A-23	131,171	131,171
Due State of New Jersey - Marriage Fees	A-24	<u>193</u>	<u>-</u>
<b>Subtotal</b>		<u>2,239,582</u>	<u>3,207,967</u>
 Reserve For Receivables And Other Assets	 A	 649,295	 645,473
Fund Balance	A-1	<u>878,070</u>	<u>752,461</u>
<b>Subtotal - Current Fund</b>		<u><b>3,766,947</b></u>	<u><b>4,605,901</b></u>
 <b>Federal and State Grant Fund:</b>			
Appropriated Reserves	A-20	560,109	444,845
Unappropriated Reserves	A-21	<u>2,646</u>	<u>6,956</u>
<b>Subtotal</b>		<u>562,755</u>	<u>451,801</u>
 <b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		 <u><b>\$ 4,329,702</b></u>	 <u><b>\$ 5,057,702</b></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2018</u>		<u>YEAR</u> <u>2017</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	A-2	\$ 550,000	\$	500,000
Miscellaneous Revenue Anticipated	A-2	3,118,593		2,932,392
Receipts From Delinquent Taxes	A-2	422,188		301,037
Receipts from Current Taxes	A-2	21,714,611		20,942,937
Non-Budget Revenues	A-2	264,831		270,227
<u>Other Credits To Income:</u>				
Interfund Returns Realized	A	-		-
Unexpended Balance Of Appropriation Reserves	A-11	<u>68,901</u>		<u>304,476</u>
<b>Total Income</b>		<u>26,139,124</u>		<u>25,251,069</u>
<b>EXPENDITURES</b>				
Budget and Emergency Appropriations:				
Operations:				
Salaries and Wages	A-3	2,166,969		2,057,633
Other Expenses	A-3	1,756,239		1,705,823
Deferred Charges and Statutory Expenditures	A-3	512,708		508,411
Capital Improvements	A-3	685,000		555,000
Municipal Debt Service	A-3	910,635		841,510
County Taxes	A-14	3,465,109		3,378,715
Amount Due County For Added and Omitted Taxes	A-14	4,408		3,416
Local District School Taxes	A-15	10,124,520		9,926,000
Regional High School Taxes	A-16	5,783,687		5,528,162
Municipal Open Space	A-6	74,851		74,596
Interfund Advances	C	<u>27,279</u>		<u>119,500</u>
<b>Total Expenditures</b>		<u>25,511,405</u>		<u>24,698,766</u>
Excess in Revenues		627,719		552,303
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	A-3	<u>47,890</u>		<u>-</u>
<b>Statutory Excess to Fund Balance</b>		675,609		552,303
Fund Balance January 1	A	<u>752,461</u>		<u>700,158</u>
		1,428,070		1,252,461
Decreased by:				
Utilization as Anticipated Revenue	A-1	<u>550,000</u>		<u>500,000</u>
<b>Fund Balance December 31</b>	A	<u>\$ 878,070</u>	\$	<u>752,461</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 1

		<u>ANTICIPATED</u>		<u>EXCESS OR</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	<u>DEFICIT</u>
<b>Fund Balance Anticipated</b>	A-2	\$ 550,000	\$ 550,000	
<hr/>				
<b>Miscellaneous Revenues:</b>				
<b>Local Revenues:</b>				
Licenses:				
Alcoholic Beverages	A-8	15,000	15,250	250
Fines and Costs:				
Municipal Court	A-8	15,300	38,410	\$ 23,110
Interest and Costs On Taxes	A-5	74,000	83,046	9,046
Interest on Investments	A-8	3,400	20,417	17,017
<b>Total Local Revenues</b>		<u>107,700</u>	<u>157,123</u>	<u>49,423</u>
<hr/>				
<b>State Aid:</b>				
Energy Receipts Tax	A-8	2,627,013	2,627,013	
Garden State Trust Fund	A-8	15,409	15,409	
<b>Total State Aid</b>		<u>2,642,422</u>	<u>2,642,422</u>	
<hr/>				
<b>Special Items Of Revenue Anticipated With Prior</b>				
<b>Written Consent of Local Government Services-</b>				
<b>Public and Private Revenues:</b>				
Clean Communities Grant	A-19	26,012	26,012	
Drunk Driving Enforcement Grant	A-21	2,652	2,652	
Recycling Tonnage Grant	A-21	4,304	4,304	
NJDOT Grant - Sliker Road	A-19	185,000	185,000	
<b>Total Special Items Of Revenues</b>		<u>217,968</u>	<u>217,968</u>	
<hr/>				
<b>OTHER SPECIAL ITEMS:</b>				
Shared Services Agreements	A-8	<u>20,000</u>	<u>101,080</u>	<u>81,080</u>
<b>Total Other Special Items</b>		<u>20,000</u>	<u>101,080</u>	<u>81,080</u>
<hr/>				
<b>Total Miscellaneous Revenue</b>	A-2	<u>2,988,090</u>	<u>3,118,593</u>	<u>130,503</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 2

		<u>ANTICIPATED</u>		EXCESS OR
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	<u>DEFICIT</u>
<b>Receipts From Delinquent Taxes</b>	A-2	280,000	422,188	142,188
<b>Amount to be Raised by Taxes for Support of Municipal Budget:</b>				
Local Tax For Municipal Purposes	A-2	2,596,603	2,693,068	96,465
<b>Total General Revenues</b>		<b>6,414,693</b>	<b>6,783,849</b>	<b>369,156</b>
<b>Other Non-Budget Revenues</b>	A-2		264,831	264,831
		<b>\$ 6,414,693</b>	<b>\$ 7,048,680</b>	<b>\$ 633,987</b>

A-3

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 3

ANALYSIS OF REALIZED REVENUES

REF.

Allocation Of Current Tax Collections:		
Revenue from Collections	A-6	\$ 21,673,138
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>41,473</u>
	A-1	21,714,611
Allocated To:		
School and County Taxes	A-6	<u>19,452,575</u>
Balance for Support Of Municipal Budget Appropriations		2,262,036
Add by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>431,032</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 2,693,068</u>

**The accompanying Notes to the Financial Statements are an integral part of this statement.**

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

REF.

Miscellaneous Revenue Not Anticipated:

**Treasurer:**

Permits	\$	5,646	
Certified Lists		1,303	
Copies/Maps		623	
Planning Board		7,863	
Zoning Board		6,060	
Board of Health		3,750	
Retail Food		3,800	
Cable TV		22,583	
Board of Education Shared Services		28,173	
Insurance Refunds		60,885	
Newsletters		3,320	
Green Acres		4,893	
Cell Tower		49,523	
LEA Rebates		8,315	
DMV Fees		11,438	
Homeowner Reimbursement		278	
Miscellaneous		<u>37,822</u>	
	A-4		<u>\$ 256,275</u>

**Collector:**

Miscellaneous		1,896	
Trailer Court Fees	A-5	<u>6,660</u>	<u>8,556</u>
			<u>\$ 264,831</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>			
<b>GENERAL GOVERNMENT FUNCTIONS:</b>						
Mayor and Council:						
Salaries and Wages	\$ 16,000	\$ 16,106	\$ 16,106		-	
Other Expenses	5,250	6,250	6,014	\$	236	
Municipal Clerk:						
Salaries and Wages	131,065	149,065	148,826		239	
Other Expenses:						
Elections	5,000	4,550	4,550		-	
Miscellaneous Other Expenses	43,580	33,580	33,480		100	
Financial Administration (Treasury):						
Salaries and Wages	22,000	12,000	11,307		693	
Other Expenses	9,500	11,500	11,278		222	
Audit Services:						
Other Expenses	28,961	29,830	29,830			
Revenue Administration (Tax Collection):						
Salaries and Wages	46,030	48,801	48,801			
Other Expenses	12,150	11,036	9,831		1,205	
Tax Assessment Administration:						
Salaries and Wages	32,000	30,376	28,113		2,263	
Other Expenses	42,600	42,600	31,293		11,307	
Legal Services (Legal Dept.):						
Other Expenses	60,000	40,000	31,817		8,183	
Engineering Services:						
Other Expenses	12,000	12,000	11,818		182	
Historical Sites Office:						
Other Expenses	2,275	2,275	736		1,539	
Aid to New Hampton Historic Museum:						
Salaries and Wages	36,000	36,000	34,482		1,518	
Other Expenses	4,000	4,000	3,669		331	

**The accompanying Notes to the Financial Statements are an integral part of this statement.**

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>		
<b>LAND USE ADMINISTRATION:</b>					
Planning Board:					
Salaries and Wages	28,655	28,655	28,655	-	
Other Expenses	18,225	13,225	13,225	-	
Zoning Costs:					
Salaries and Wages	28,655	28,655	28,655	-	
Other Expenses	11,700	9,200	7,388	1,812	
Zoning Board of Adjustment(Zoning Officer):					
Salaries and Wages	29,923	29,923	29,923	-	
Other Expenses	900	900	-	900	
<b>UNIFORM CONSTRUCTION CODE ENFORCEMENT:</b>					
Other Expenses	100	100	-	100	
<b>INSURANCE:</b>					
Liability Insurance	707	707	707		
Other Insurance Premiums	128,544	129,376	129,376		
Workmens' Compensation	79,113	79,113	79,113		
Employee Group Health	425,202	410,202	406,303	3,899	
<b>PUBLIC SAFETY FUNCTIONS:</b>					
Police Department:					
Salaries and Wages	1,128,019	1,183,019	1,183,019	-	
Other Expenses	104,500	104,500	97,673	6,827	
Office of Emergency Management:					
Salaries and Wages	5,345	5,345	5,345	-	
Other Expenses	2,500	2,500	-	2,500	
Aid to Volunteer Fire Companies in Adjoining Mun.	95,000	95,000	80,000	15,000	
Contribution to First Aid Organizations:					
Other Expenses					
Fire Department/Uniform Fire Safety Code:					
Salaries and Wages	6,000	6,000	6,000	-	
Other Expenses:					
Fire Hydrant Services	700	700	447	253	
Miscellaneous Other Expenses	3,075	3,075	2,737	338	

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
<b>PUBLIC WORKS FUNCTIONS:</b>				
Streets and Road Maintenance:				
Salaries and Wages	567,593	537,593	536,362	1,231
Other Expenses:				
Snow Removal	90,000	130,000	130,000	-
Miscellaneous Other Expenses	220,000	201,500	184,687	16,813
Solid Waste Collection(Recycling Program):				
Salaries and Wages	5,466	5,466	5,466	-
Other Expenses	3,000	3,000	2,966	34
Buildings and Grounds:				
Other Expenses	80,000	80,000	61,839	18,161
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Public Health Services(Board Of Health):				
Other Expenses	8,000	8,000	4,505	3,495
Environmental Health Services:				
Other Expenses	1,000	1,000	44	956
Animal Control Services:				
Salaries and Wages	4,965	4,965	4,965	-
Other Expenses	2,760	2,760	-	2,760
Contribution to Social Services Agencies:				
Other Expenses	500	500	500	-
<b>PARK AND RECREATION FUNCTIONS:</b>				
Recreation Services and Programs:				
Other Expenses:				
Senior Citizens	4,000	4,000	4,000	-
Miscellaneous Other Expenses	6,500	6,500	4,989	1,511
Maintenance of Parks:				
Other Expenses	2,500	2,500	1,111	1,389
<b>EDUCATION FUNCTIONS (Includes Library):</b>				
Municipal/County Library:				
Other Expenses	58,350	58,350	52,791	5,559

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 4

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
<b>OTHER COMMON OPERATING FUNCTIONS</b>				
<b>(Unclassified):</b>				
Accumulated Leave Compensation	45,000	45,000	45,000	
Underground Storage Tank Remediation	2,500	2,500	2,500	-
<b>MUNICIPAL COURT:</b>				
Other Expenses	38,270	38,642	38,642	-
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>				
Electricity	55,000	60,000	56,700	3,300
Street Lighting	5,000	4,250	3,997	253
Telephone (excluding equipment acquisition)	14,000	12,750	11,497	1,253
Gasoline	50,000	50,000	48,281	1,719
Subtotal Operations within "CAPS"	3,869,678	3,879,440	3,761,359	118,081
<b>Contingent</b>				
<b>Total Operations Including Contingent</b>	<b>3,869,678</b>	<b>3,879,440</b>	<b>3,761,359</b>	<b>118,081</b>
<b>Detail:</b>				
Salaries and Wages	2,132,716	2,166,969	2,161,025	5,944
Other Expenses	1,736,962	1,712,471	1,600,334	112,137
<b>Deferred Charges and Statutory Expenditures within "CAPS"</b>				
<b>Statutory Expenditures :</b>				
Social Security (O.A.S.I.)	165,432	167,670	163,888	3,782
New Jersey Disability Fund	12,000	-	-	-
Contribution to:				
PERS	124,600	124,600	124,600	
PFRS	220,438	220,438	220,438	
<b>Total Deferred Charges and Statutory Expenditures within "CAP"S</b>	<b>522,470</b>	<b>512,708</b>	<b>508,926</b>	<b>3,782</b>
<b>Total General Appropriations within "CAPS"</b>	<b>4,392,148</b>	<b>4,392,148</b>	<b>4,270,285</b>	<b>121,863</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 5

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>		
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>					
Declared State of Emergency costs for Snow Removal N.J.S.A.(40A:4-45.45b and 40A:4-45.33bb)	-	-	-	-	
Fire Department:					
LOSAP	10,800	10,800	-	10,800	
<b>Total Other Operations Excluded from "CAPS"</b>	<b>10,800</b>	<b>10,800</b>	<b>-</b>	<b>10,800</b>	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</b>					
<b>Federal and State Grants:</b>					
Clean Communities Program:					
Other Expenses	26,012	26,012	26,012		
Recycling Tonnage Grant:					
Other Expenses - PY Unapprop.	4,304	4,304	4,304		
Drunk Driving Grant:	2,523	2,523	2,523		
Other Expenses - PY Unapprop.	129	129	129		
<b>Total Public and Private Programs Offset by Revenues Excluded from "CAPS"</b>	<b>32,968</b>	<b>32,968</b>	<b>32,968</b>	<b>-</b>	
<b>Total Operations Excluded from "CAPS"</b>	<b>43,768</b>	<b>43,768</b>	<b>32,968</b>	<b>10,800</b>	
<b>Detail:</b>					
Other Expenses	43,768	43,768	32,968	10,800	

The accompanying Notes to the Financial Statements are an integral part of this statement.



CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 6

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>		
<b>Capital Improvements Excluded from "CAPS"</b>					
Capital Improvement Fund	500,000	500,000	500,000	-	
NJDOT Grant - Guardrails (Ch. 159)	185,000	185,000	185,000	-	
<b>Total Capital Improvements Excluded from "CAPS"</b>	685,000	685,000	685,000	-	
<b>Municipal Debt Service Excluded from "CAPS"</b>					
Payment of Bond Anticipation and Capital Notes	822,745	822,745	822,745	-	
Payment of Interest on Notes	40,000	40,000	87,890	-	\$ 47,890
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	862,745	862,745	910,635	-	47,890
<b>Total Gen. Appropriations Excluded from "CAPS"</b>	1,591,513	1,591,513	1,628,603	10,800	47,890
<b>Subtotal General Appropriations</b>	5,983,661	5,983,661	5,898,888	132,663	
Reserve For Uncollected Taxes	431,032	431,032	431,032		
<b>TOTALS</b>	\$ 6,414,693	\$ 6,414,693	\$ 6,329,920	\$ 132,663	\$ 47,890

REF.

A

A-1

	<u>REF.</u>		
Adopted Budget	A-2	\$ 6,414,693	
		\$ 6,414,693	
Reserve for State Grants	A-20	\$ 217,968	
Encumbrances	A-10	5,680,920	
Reserve for Uncollected Taxes	A-2	431,032	
		\$ 6,329,920	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND  
COMPARATIVE BALANCE SHEET

B

		<u>BALANCE</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/18</u>	<u>12/31/17</u>
<b>ASSETS</b>			
<b>Dog License Fund:</b>			
Cash and Cash Equivalents	B-2	\$ 45,956	\$ 43,809
<b>Total Dog License Fund</b>		<u>45,956</u>	<u>43,809</u>
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	B-2	1,947,733	1,887,965
Due from Current Fund	B-6	24,155	38,167
<b>Total Other Trust Funds</b>		<u>1,971,888</u>	<u>1,926,132</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 2,017,844</u></b>	<b><u>\$ 1,969,941</u></b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Dog License Fund:</b>			
Due to Current Fund	B-5	\$ 421	\$ 129
Due State of New Jersey	B-4	-	8
Reserve for Dog Fund Expenditures	B-3	45,535	43,672
<b>Total Dog License Fund</b>		<u>45,956</u>	<u>43,809</u>
<b>Other Trust Fund:</b>			
Schedule of Reserve for Museum Donations	B-7	12,597	12,819
Schedule of Reserve for Developers' Deposits	B-8	83,187	94,021
Schedule of Reserve for Driveway Bonds	B-9	2,632	4,112
Schedule of Reserve for Unemployment Compensation	B-10	99,658	99,189
Schedule of Reserve for Library Trust	B-11	5,398	5,551
Schedule of Reserve for Recreation Commission	B-12	14,978	14,917
Schedule of Reserve for Fair Share Housing (COAH)	B-13	157,109	152,392
Schedule of Reserve for Off-Track Improvements	B-14	60,413	60,060
Schedule of Reserve for Open Space Deposits	B-15	993,767	1,012,016
Schedule of Reserve for Emergency Snow Removal	B-16	53,040	47,908
Schedule of Reserve for Accumulated Absences	B-17	304,545	258,071
Schedule of Reserve for Developers' Trust Escrow Deposits	B-18	100,472	97,519
Schedule of Reserve for Tax Sale Premiums	B-19	66,331	42,841
Schedule of Reserve for Environmental Trust Deposits	B-20	3,643	4,084
Schedule of Reserve for Outside Liens	B-21	-	14,011
Schedule of Reserve for Off-Duty Police	B-22	13,266	5,121
Schedule of Reserve for Memorial Park	B-23	852	1,500
<b>Total Other Trust Fund</b>		<u>1,971,888</u>	<u>1,926,132</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 2,017,844</u></b>	<b><u>\$ 1,969,941</u></b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

C

		<u>BALANCE</u>		<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/18</u>		<u>12/31/17</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	C-2	\$ 1,220,406	\$	856,355
Amount Due Current Fund	C-5	-		118,946
Deferred Charges to Future Taxation:				
Funded	C-3	250,311		302,273
Unfunded	C-4	<u>3,247,964</u>		<u>4,070,710</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 4,718,681</u></b>	<b>\$</b>	<b><u>5,348,284</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

Amount Due Current Fund	C-5	\$ 27,279		-
Capital Improvement Fund	C-6	392,432	\$	274,432
State of New Jersey Trust Loan Program	C-7	250,311		302,273
Bond Anticipation Notes	C-8	3,024,230		3,846,976
Reserve for:				
Fire Truck and Ambulance	C-9	17,233		17,233
Fund Balance	C-1	55,253		45,046
Improvement Authorizations:				
Funded	C-10	474,567		92,567
Unfunded	C-10	<u>477,376</u>		<u>769,757</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 4,718,681</u></b>	<b>\$</b>	<b><u>5,348,284</u></b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2017	C	\$ 45,046
<b>Increased by:</b>		
Bond Anticipation Note Premium	C-2	<u>10,207</u>
		55,253
Balance December 31, 2018	C	<u>\$ 55,253</u>

**The accompanying Notes to the Financial Statements are an integral part of this statement.**

GENERAL FIXED ASSETS  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 2018

F

	BALANCE <u>12/31/18</u>	BALANCE <u>12/31/17</u>
General Fixed Assets:		
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	4,787,073
Machinery and Equipment	<u>9,343,047</u>	<u>9,051,169</u>
Total General Fixed Assets	<u>\$ 17,640,339</u>	<u>\$ 17,348,461</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

PAYROLL AGENCY FUND  
COMPARATIVE BALANCE SHEET

G

	BALANCE <u>12/31/18</u>	BALANCE <u>12/31/17</u>
<b><u>ASSETS</u></b>		
<b>Cash and Cash Equivalents:</b>		
Cash - Treasurer	\$ 98,398	\$ 88,818
<b>TOTAL ASSETS</b>	<b><u>98,398</u></b>	<b><u>88,818</u></b>
<b><u>LIABILITIES AND RESERVES</u></b>		
Payroll Deductions Payable	-	-
Imprest Balances	<u>98,398</u>	<u>88,818</u>
<b>TOTAL LIABILITIES AND RESERVES</b>	<b><u>\$ 98,398</u></b>	<b><u>\$ 88,818</u></b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Lebanon include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

**B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America(GAAP).

The accounting policies of the Township of Lebanon conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lebanon accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

**Current Fund**

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

**Trust Funds**

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

**General Capital Fund**

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

**General Fixed Assets Account Group**

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

**Revenues**--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Expenditures**--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

**Property Tax Revenue**--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, April 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, April 15, August 15 and November 15.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Deferred School Taxes**--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

**Foreclosed Property**--Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

**Interfunds**--Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies**--The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

**General Fixed Assets**--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

**Budget and Budgetary Procedures**--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund  
Public Assistance Fund  
Trust fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

**Expenditures**--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Tax Appeals and Other Contingent Losses**--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Deferred Charges to Future Taxation Funded and Unfunded**--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Use of Estimates**--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

**Departures from Generally Accepted Accounting Principles**--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Regulatory-Basis Financial Statements**--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**Note 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2018, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 2: CASH AND CASH EQUIVALENTS - (Continued)**

**Deposits:**

As of December 31, 2018, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash Equivalents	Total
Checking	\$ <u>6,406,160</u>	\$ <u>6,406,160</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2018, was \$6,406,160 and the bank balance was \$6,413,486. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$350,472 was covered by federal depository insurances and \$6,063,014 was covered by collateral pool.

**Note 3: LONG-TERM DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

	Beginning Balance	Issued	Paid	Ending Balance
<b>Long Term Obligations:</b>				
Bond Anticipation Notes	\$ 3,846,976	-	\$ 822,746	\$ 3,024,230
State Of New Jersey Loan Programs	302,273		51,962	250,311
Total Long-Term Obligations	<u>\$ 4,149,249</u>	<u>-</u>	<u>\$ 874,708</u>	<u>\$ 3,274,541</u>

**Summary of Municipal Debt**

	YEAR <u>2018</u>	YEAR <u>2017</u>	YEAR <u>2016</u>
<b>Issued</b>			
General:			
Bonds and Notes	\$ 3,274,541	\$ 4,149,249	\$ 4,742,775
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Issued	<u>3,274,541</u>	<u>4,149,249</u>	<u>4,742,775</u>
<b>Authorized But Not Issued</b>	<u>223,734</u>	<u>223,734</u>	<u>603,734</u>
Total Authorized But Not Issued	<u>223,734</u>	<u>223,734</u>	<u>603,734</u>
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<u>\$ 3,498,275</u>	<u>\$ 4,372,983</u>	<u>\$ 5,346,509</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 3: LONG-TERM DEBT - (Continued)**

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.383%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	None	None	
General Debt	\$ 3,498,275	-	\$ 3,498,275
	\$ 3,498,275	-	\$ 3,498,275

Net Debt \$ 3,498,275	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$ 913,660,669	= 0.383%

**Borrowing Power Under N.J.S.A. 40A:2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 31,978,123
Net Debt	3,498,275
Remaining Borrowing Power	\$ 28,479,848

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

Calendar <u>Year</u>	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 50,783	\$ 5,487
2020	63,519	4,737
2021	61,741	3,737
2022	73,630	2,287
2023	648	2,511
	\$ 250,321	\$ 18,759

**General Obligation Loans**

General Obligation Loan-Acquisition of Land-dated January 1, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$6,823.39 to \$26,294.22 through August 1, 2023. This loan is an interest free loan. The remaining balance as of December 31, 2018, was \$104,901. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 3: LONG-TERM DEBT - (Continued)**

**General Obligation Loans - (Continued)**

General Obligation Loan-Acquisition of Land-dated January 1, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$3,985 to \$15,356 through August 1, 2023. Interest is calculated at 3.0% - 5.00% and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2018, was \$60,000. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated October 13, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$8,282 to \$18,836 through August 1, 2024. This loan is an interest free loan. The remaining balance as of December 31, 2018, was \$30,410. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated October 13, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$219 to \$11,181 through August 1, 2024. Interest is calculated at 3.0% - 5.00% and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2018, was \$55,000. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

**Bond Anticipation Notes**

The Township has outstanding at December 31, 2018, a bond anticipation note in the amount of \$3,024,230 payable to Peapack-Gladstone Bank. This note matures on July 26, 2019. The interest rate on the note was 2.05%. Principal and interest on these notes are paid from the current fund budget of the Township.

	Debt <u>Outstanding</u>
Total General Capital Loans-Above	\$ <u>3,274,541</u>



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 4: GENERAL FIXED ASSETS**

The following is a summary of changes in the general fixed assets:

	<u>Balance</u> <u>End of Year</u>	<u>Balance</u> <u>Beginning</u> <u>of Year</u>
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	4,787,073
Equipment	<u>9,343,047</u>	<u>9,051,169</u>
	<u>\$ 17,640,339</u>	<u>\$ 17,348,461</u>

**Note 5: FUND BALANCES APPROPRIATED**

Fund Balances at December 31, 2018, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019, were as follows:

Current Fund - \$650,000 \*

\*Approved (Introduced) Budget

**Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Township had \$47,890 in charges that are required to be liquidated in subsequent budgets. This amount resulted from over-expenditures of debt service interest due to a mid-year Bond Anticipation Note renewal subsequent to the township's budget adoption.

**Note 7: SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Lebanon had elected in 1975 to raise local district school taxes on a calendar year basis.

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<b>TOTAL</b> <b>DEFERRED</b> <b>TAX</b> <b><u>12/31/18</u></b>	<b>LOCAL DISTRICT</b> <b><u>SCHOOL TAX</u></b> <b>BALANCE</b> <b><u>12/31/18</u></b>	<b>BALANCE</b> <b><u>12/31/17</u></b>	<b>TOTAL</b> <b>DEFERRED</b> <b>TAX</b> <b><u>12/31/17</u></b>	<b>REGIONAL</b> <b><u>HIGH SCHOOL TAX</u></b> <b>BALANCE</b> <b><u>12/31/18</u></b>	<b>BALANCE</b> <b><u>12/31/17</u></b>
Balance of Tax		\$ 445,997	\$ 346,738		\$ 1,054,392	\$ 926,630
Deferred		<u>4,616,263</u>	<u>4,616,263</u>		<u>1,837,452</u>	<u>1,837,452</u>
Tax Payable		<u>\$ 5,062,260</u>	<u>\$ 4,963,001</u>		<u>\$ 2,891,844</u>	<u>\$ 2,764,082</u>
Tax Deferred	<u>\$ 6,453,715</u>			<u>\$ 6,453,715</u>		

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS**

**Description of Plans** - All required employees of the municipality are covered by either the Public Employees' Retirement System (PERS), the Police and Fireman's Retirement System (PFRS), or the Defined Contribution Retirement Plan (DCRP) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school municipality, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** -The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1 /60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS - (Continued)**

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The current PERS rate is 6.5% of covered payroll.

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the municipality disclosed a liability of \$3,003,247 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2015. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. At June 30, 2018, the municipality's proportion was 0.0129% which was a decrease of 0.00064% from its proportion measured as of June 30, 2017.

For the State fiscal year ended June 30, 2018, the municipality's portion of the plan's pension expense was \$207,913. At June 30, 2018, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 70,716	-
Changes of assumptions	605,051	\$ 602,833
Net difference between projected and actual earnings on pension plan investments	20,450	
Changes in proportion and differences between municipality contributions and proportionate share of contributions	103,241	199,626
Total	<u>\$ 799,458</u>	<u>\$ 802,459</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

	<u>Year Ended June 30:</u>	
2019	2020	2021
2022	2023	Total
	<u>\$2,272</u>	<u>3,428</u>
	<u>2,078</u>	<u>(2,763)</u>
	<u>(2,014)</u>	<u>\$3,001</u>
	<u>\$8,685,338,380</u>	<u>\$6,424,455,842</u>
	870,133,595	5,700,625,981
	\$29,617,131,759	\$23,278,401,588
	\$4,010,479	\$3,003,247
	0.01354108%	0.01290143%

Actuarial assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Thereafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2015.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS (Continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount rate* - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS (Continued)**

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate* - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2018, calculated using the discount rate of 5.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<u>1% Decrease</u> <u>(4.00%)</u>	<u>Current Discount</u> <u>Rate (5.00%)</u>	<u>1% Increase</u> <u>(6.00%)</u>
municipality's proportionate share of the net pension liability	\$ 3,725,828	\$3,003,247	\$ 2,401,396

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Police and Fireman's Retirement System (PFRS)** - The Police and Fireman's Retirement System (PFRS) was established as of January 1, 1944, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Fireman's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

*Vesting and Benefit Provisions* -The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS (Continued)**

Contribution Requirements - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017 and 2015, the State contributed an amount less than the actuarially determined amount.

The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the municipality disclosed a liability of \$3,644,878 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2018 and 2017. At June 30, 2018, the municipality's proportion was 0.02361% which was a decrease of 0.00248% from its proportion measured as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS (Continued)**

For the State fiscal year ended June 30, 2018, the municipality's portion of the plan's pension expense was \$287,432. At June 30, 2018, deferred outflows of resources and deferred inflows of resources for PFRS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,646	\$ 21,392
Changes of assumptions	449,454	596,924
Net difference between projected and actual earnings on pension plan investments	69,553	
Changes in proportion and differences between municipality contributions and proportionate share of contributions	80,724	344,715
Total	\$ 623,377	\$ 963,031

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

	<u>Year Ended June 30:</u>
2019	\$199,095
2020	539,208
2021	109
2022	(747,276)
2023	<u>(330,789)</u>
Total	<u>(\$339,653)</u>

	<u>6/30/2017</u>	<u>6/30/2018</u>
Collective deferred outflows of resources (Non-Special Funding Situations)	\$4,547,316,543	\$2,941,952,753
Collective deferred inflows of resources (Non-Special Funding Situations)	688,197,590	3,262,432,093
Collective net pension liability (Non-Special Funding Situations)	\$19,102,567,969	\$15,437,856,840
Municipality's proportionate share of net pension liability (Non-Special Funding Situations)	\$4,983,872	\$3,644,878
Municipality's proportion %	0.02609006%	0.02361000%

Actuarial assumptions - The total pension liability in the July 1, 2017 actuarial valuation, which was rolled forward to June 30, 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.25%
<u>Salary Increases:</u>	
Through 2026	2.10-8.98% based on age
Therafter	3.10-9.98% based on age
Investment Rate of Return:	7.00%



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**Note 8: PENSION PLANS (Continued)**

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2015 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2015 projection scales, which was further projected on a generational basis using the plan actuary's modified 2015 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2015 projection scales, which was further projected on a generational basis using the plan actuary's modified 2015 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

NOTES TO FINANCIAL STATEMENTS  
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**Note 8: PENSION PLANS (Continued)**

Discount rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2018, calculated using the discount rate of 5.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<u>1% Decrease</u> <u>(4.00%)</u>	<u>Current Discount</u> <u>Rate (5.00%)</u>	<u>1% Increase</u> <u>(6.00%)</u>
municipality's proportionate share of the net pension liability	\$ 4,802,491	\$3,644,878	\$ 2,693,929

PFRS Special Funding Situation - Under N.J.S.A. 43:16A-15, the municipality is responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the municipality to the PFRS under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability and collective pension expense that is associated with the municipality is as follows:

	<u>6/30/2017</u>	<u>6/30/2018</u>
Collective net pension liability of the Nonemployer (State of New Jersey) - Special Funding Situation	\$1,604,141,087	\$1,729,193,507
State's portion of the net pension liability that was associated with the municipality - Special Funding Situation	\$418,522	\$408,257
State's portion of the net pension liability that was associated with the municipality as a percentage of the collective net pension liability - Special Funding Situation	0.026090%	0.023610%
Collective pension expense of the Nonemployer-(State of New Jersey) - Special Funding Situation	\$204,886,666	\$211,519,420
State's portion of the pension expense that was associated with the municipality - Special Funding Situation	\$53,455	\$49,939

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 8: PENSION PLANS (Continued)**

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

NOTES TO FINANCIAL STATEMENTS  
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**Note 8: PENSION PLANS (Continued)**

<b><u>Three-Year Trend Information for PERS/PFRS</u></b>		
Year	Annual Pension	Annual Pension
<u>Funding</u>	<u>Contribution (PERS)</u>	<u>Contribution (PFRS)</u>
2018	\$124,600	\$220,438
2017	\$125,316	\$226,433
2016	\$127,163	\$208,568

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Summary of Significant Accounting Policies** - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net OPEB liability or related deferred outflows or inflows of resources on their balance sheets, or related OPEB expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net OPEB liability, related outflows and inflows of resources, and OPEB expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense as required by GASB No. 75, information about the fiduciary net position of the plan and additions to/deductions from plan fiduciary net position have been determined on the same basis as they are reported by the plan.

**General Information About the OPEB Plan** - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Allocation Methodology** - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, the total OPEB liabilities for the years ended June 30, 2017 and 2016 were \$8,695,413,135 and \$9,025,878,097, respectively, while for the nonspecial funding situation, the total OPEB liabilities were \$11,720,375,604 and \$12,691,586,354, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2016 through June 30, 2017.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the municipality disclosed a liability of \$389,125 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The municipality's proportion of the net OPEB liability is based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2016 through June 30, 2017. At June 30, 2017, the municipality's proportion was 0.00191% which was an decrease of 0.0002% from its proportion measured as of June 30, 2016.

For the State fiscal year ended June 30, 2017, the municipality's portion of the plan's OPEB expense was \$21,173. At June 30, 2017, deferred outflows of resources and deferred inflows of resources for OPEB relating to the municipality's proportionate share are from the following sources:

NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	-	\$ 43,190
Net difference between projected and actual earnings on OPEB plan investments	\$ 67	
Changes in proportion and differences between municipality contributions and proportionate share of contributions	-	38,223
Total	\$ 67	\$ 81,413

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense of the plan as follows:

<u>Year Ended June 30:</u>	
2018	(\$11,541)
2019	(11,541)
2020	(11,541)
2021	(11,541)
2022	(11,573)
Thereafter	<u>(23,608)</u>
Total	<u>(\$81,345)</u>

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources - Non Special Funding	Not Available	\$953,985,371
Collective deferred inflows of resources - Non Special Funding	Not Available	2,448,925,323
Collective net OPEB liability - Non Special Funding	\$12,691,586,354	\$11,720,375,604
Municipality's proportionate share of net OPEB liability	\$457,587	\$389,125
Municipality's proportion %	0.002110%	0.001910%

**Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:**

	<u>Non Special Funding Situation</u>
Collective Plan Members June 30, 2017	60,231
Collective Plan Members June 30, 2016	55,482
Municipality's Plan Members June 30, 2017	2
Municipality's Plan Members June 30, 2016	2

NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

**Actuarial assumptions** - The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	1.65%-8.98% based on age and plan enrolled in
Thereafter	2.65%-9.98% based on age and plan enrolled in

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male /Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate** - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

***Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the discount rate*** - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	<u>1% Decrease</u> <u>(2.58%)</u>	<u>Current Discount</u> <u>Rate (3.28%)</u>	<u>1% Increase</u> <u>(4.58%)</u>
Municipality's proportionate share of the net OPEB liability	\$458,973	\$389,125	\$ 333,675
	June 30, 2016		
	<u>1% Decrease</u> <u>(2.58%)</u>	<u>Current Discount</u> <u>Rate (3.28%)</u>	<u>1% Increase</u> <u>(4.58%)</u>
Municipality's proportionate share of the net OPEB liability	\$545,352	\$457,587	\$ 388,629

***Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the Health Care trend rate*** - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2018, calculated using the health care trend rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	<u>1% Decrease</u>	<u>Current Health Care</u> <u>Cost Trend Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$323,363	\$389,125	\$ 474,733
	June 30, 2016		
	<u>1% Decrease</u>	<u>Current Health Care</u> <u>Cost Trend Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$379,248	\$457,587	\$ 560,361



NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

**Special Funding Situation** - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

**Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:**

	Special Funding Situation
Collective Plan Members June 30, 2017	27,835
Municipality's Plan Members June 30, 2017	10

**Total OPEB Liability**

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Collective net OPEB liability of the State of New Jersey - Special Funding Situation	\$9,025,878,097	\$8,695,413,135
Net OPEB liability of the State of New Jersey Associated with the Municipality	Not Available	\$3,123,914

**Actuarial assumptions** - The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	1.65%-8.98% based on age and plan enrolled in
Therafter	2.65%-9.98% based on age and plan enrolled in

NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male /Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate** - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2016 - Special Funding Situation	\$9,025,878,097
<u>Changes for the year:</u>	
Service Cost	1,064,525,862
Interest	648,423,508
Expected Investment Return	(5,164,398)
Administrative Expense	8,894,576
Changes in assumptions or other inputs	(\$2,047,144,510)
Net changes	(\$330,464,962)
The State's Total OPEB Liability Balance at 6/30/2017 - Special Funding Situation	<u>\$8,695,413,135</u>
<b>The State's total OPEB liability associated with the Municipality</b>	<b>\$3,123,914</b>

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017 and other changes.

NOTES TO FINANCIAL STATEMENTS  
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**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

**Sensitivity of the State of New Jersey's net OPEB liability to changes in the discount rate** - The following presents the State of New Jersey's net OPEB liability measured as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the State of New Jersey's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	<u>1% Decrease</u> <u>(2.58%)</u>	<u>Current Discount</u> <u>Rate (3.28%)</u>	<u>1% Increase</u> <u>(4.58%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$10,256,239,793	\$8,695,413,135	\$ 7,456,316,763
	June 30, 2016		
	<u>1% Decrease</u> <u>(2.58%)</u>	<u>Current Discount</u> <u>Rate (3.28%)</u>	<u>1% Increase</u> <u>(4.58%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$10,757,041,516	\$9,025,878,097	\$ 7,665,678,268

**Sensitivity of the State of New Jersey's net OPEB liability to changes in the Health Care trend rate** - The following presents the State of New Jersey's net OPEB liability measured as of June 30, 2018, calculated using the health care trend rate as disclosed above, as well as what the State of New Jersey's net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	<u>1% Decrease</u>	<u>Current Health Care</u> <u>Cost Tend Rate</u>	<u>1% Increase</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$7,225,888,315	\$8,695,413,135	\$ 10,608,404,025
	June 30, 2016		
	<u>1% Decrease</u>	<u>Current Health Care</u> <u>Cost Tend Rate</u>	<u>1% Increase</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$7,480,647,767	\$9,025,878,097	\$ 11,053,090,318

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2017, the State of New Jersey's OPEB expense was \$622,296,703 and the amount of OPEB Expense associated with the municipality was \$223,566.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related OPEB from the following sources:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Net difference between projected and actual earnings on OPEB plan investments		\$1,490,139
Changes of assumptions or other inputs	\$965,116,915	
Total		

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Year Ended June 30:</u>
2018	(\$136,719,367)
2019	(136,719,367)
2020	(136,719,367)
2021	(136,719,367)
2022	(137,095,181)
Thereafter	<u>(279,663,763)</u>
Total	<u>(\$963,636,412)</u>

**Changes in Proportion** - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) over the average remaining service lives of all plan members, which is 8.04 years for the 2017 amounts.

**Note 10: DEFERRED COMPENSATION PLAN**

The Township has a deferred compensation plan available to employees which has been established pursuant to Section 457 of the Internal Revenue Code and in accordance with applicable New Jersey Statutes and the New Jersey Administrative Code (NJAC 5:37). The Plan is fully contributory and the Township has no liabilities in conjunction with this plan.

**Note 11: LEASES**

The Township has not entered into any long-term lease agreements.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 12: ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to carryover vacation, compensatory time, and sick pay, which may be taken off or paid at a later date. At December 31, 2018, the contingent liability associated with this benefit is estimated by management to be approximately \$122,218.

**Note 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**LITIGATION**

There are pending lawsuits in which the Township is involved. The municipal attorney estimates that the potential claims against the Township not covered by insurance resulting from such litigation would not materially affect the financial statements of the Township.

**Note 14: OTHER REQUIRED DISCLOSURES**

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2018:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 27,700	\$ 62,617
Federal/State Grants Fund	38,462	-
Dog Fund	-	421
Trust Fund	24,155	-
General Capital Fund	-	27,279
	<u>\$ 90,317</u>	<u>\$ 90,317</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 15: RISK FINANCING**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

**Note 14: TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The municipality has not entered into any tax abatement agreements.

**PART II**  
**SUPPLEMENTARY INFORMATION**

## **CURRENT FUND SCHEDULES**



CURRENT FUND  
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUNDS</u>	
Balance December 31, 2017	A	\$ 3,956,746		\$ 24,941
<b>Increased by Receipts:</b>				
Collector	A-5	\$ 21,111,511		
Miscellaneous Revenue Not Anticipated	A-2	256,275		
Revenue Accounts Receivable	A-8	2,817,579		
Amount Due State of New Jersey for Senior Citizens/Veterans Deductions	A-18	41,473		
State Grant Funds	A-19	83,449		
State Grant Funds - Unappropriated	A-21	-	<u>24,310,287</u>	<u>2,646</u>
		<u>28,267,033</u>		<u>27,587</u>
<b>Decreased by Disbursements:</b>				
2017 Appropriation Reserves	A-11	147,159		
Reserves for Encumbrances	A-10	5,586,814		
Outside Liens/Premiums	B	61,492		
Interfund Advances	C	146,225		
Refund of Tax Overpayments	A-22	341		
County Taxes	A-14	3,468,525		
Local District School Tax	A-15	10,025,261		
Regional School Tax	A-16	5,655,925		
Municipal Open Space Tax	A-17	74,851		
State Grant Funds	A-20	34,360	<u>25,200,953</u>	<u>-</u>
Balance December 31, 2018	A	<u>\$ 3,066,080</u>		<u>\$ 27,587</u>

CURRENT FUND  
SCHEDULE OF CASH-COLLECTOR

A-5

	<u>REF.</u>		
<b>Received:</b>			
Miscellaneous Not Anticipated	A-2	\$ 8,556	
Interest and Costs on Taxes	A-2	83,046	
Taxes Receivable	A-6	20,698,471	
Tax Title Liens	A-7	52,457	
2019 Prepaid Taxes	A-12	221,160	
Outside Liens	B	47,480	
Tax Overpayments	A-22	<u>341</u>	<u>\$ 21,111,511</u>
<b>Decreased by Disbursements:</b>			
Payments To Treasurer	A-4		<u>\$ 21,111,511</u>

CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

<u>YEAR</u>	<u>BALANCE</u>	<u>2018</u>	<u>CASH COLLECTIONS</u>		<u>CANCELLED</u>	<u>TRANSFER</u>	<u>BALANCE</u>
	<u>12/31/17</u>	<u>LEVY</u>	<u>2017</u>	<u>2018</u>		<u>TO</u>	
						<u>TAX TITLE</u>	
						<u>LIENS</u>	
2017	\$ 373,119			\$ 369,730		\$ 3,389	-
	373,119			369,730	-	3,389	-
2018		\$ 22,088,854	\$ 1,344,397	20,370,214	\$ 3,279	17,431	\$ 353,533
<b>TOTALS</b>	<b>\$ 373,119</b>	<b>\$ 22,088,854</b>	<b>\$ 1,344,397</b>	<b>\$ 20,739,944</b>	<b>\$ 3,279</b>	<b>\$ 20,820</b>	<b>\$ 353,533</b>

REF.	A	A-12	A-7	A
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State of New Jersey-Senior Citizens/

Veterans Deductions

Received by Collector

A-2 \$ 41,473

A-5 20,698,471

\$ 20,739,944

ANALYSIS OF PROPERTY TAX LEVY:

**Tax Yield:**

General Purpose Tax

\$ 21,986,157

Special District Taxes

74,756

Added/Omitted Taxes (54:4-63.1 et.seq. )

27,941 \$ 22,088,854

**Tax Levy:**

Local District School Tax

A-15 \$ 10,124,520

Regional High School Tax

A-16 5,783,687

County Taxes:

County Tax (Abstract )

A-14 \$ 2,902,826

County Library Tax (Abstract )

A-14 285,049

County Open Space (Abstract )

A-14 277,234

Due County for Added and

Omitted Taxes(54.4-63.1, et.seq.)

A-14 4,408 3,469,517

Municipal Open Space

A-17 74,851

Local Tax for Municipal Purposes

A-2 2,596,603

Add: Additional Tax Levied

39,676 \$ 22,088,854

CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 178,025
<b>Increased by:</b>		
Interest and Costs		\$ 27,474
Transfers from Taxes Receivable	A-6	<u>20,820</u> <u>48,294</u>
		226,319
<b>Decreased by:</b>		
Paid	A-5	<u>52,457</u>
Balance December 31, 2018	A	<u>\$ 173,862</u>

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>ACCRUED</u> <u>IN 2018</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>		<u>BALANCE</u> <u>12/31/18</u>
Clerk:						
Licenses:						
Alcoholic Beverages	A-2		\$ 15,250	\$ 15,250		
Municipal Court:						
Fines and Costs	A-2		38,410	38,410		
Interest on Investments and Deposits	A-2		20,417	20,417		
Energy Receipts Tax	A-2		2,627,013	2,627,013		
Garden State Trust Fund	A-2		15,409	15,409		
Shared Services Agreements	A-2	-	101,080	101,080		-
Totals		-	<b>\$ 2,817,579</b>	<b>\$ 2,817,579</b>		-
	REF.			A-4		A

CURRENT FUND  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

A-9

	<u>REF.</u>	
Balance December 31, 2017	A	<u>\$ 94,200</u>
Balance December 31, 2018	A	<u>\$ 94,200</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 100,254
<b>Increased by:</b>		
Transfer from Current Year Appropriations	A-3	\$ 5,680,920
Transfer from Current Year Appropriations - Grants	A-20	67,302
Transfer from Current Year Appropriations - Non-budget	A-24	75
Additional/(Canceled) Encumbrance Appropriations		<u>(269)</u> <u>5,748,028</u>
		5,848,282
<b>Decreased by:</b>		
Transfer to Appropriation Reserve	A-11	80,112
Encumbrances Paid	A-4	<u>5,586,814</u> <u>5,666,926</u>
Balance December 31, 2018	A	<u>\$ 181,356</u>

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2017

A-11

	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Mayor and Council				
Salaries & Wages	\$ 7,106	\$ 7,106	\$ 7,000	\$ 106
Other Expenses	81	81	-	81
Municipal Clerk:				
Salaries & Wages	1,548	1,548	-	1,548
Other Expenses	6,191	6,191	5,788	403
Elections	1,212	1,212	-	1,212
Financial/Tax Administration:				
Salaries & Wages	1,403	1,403	-	1,403
Other Expenses	243	1,379	1,379	-
Tax Collection:				
Other Expenses	1,797	1,797	481	1,316
Assessment of Taxes:				
Other Expenses	9,061	9,061	182	8,879
Legal Services:				
Other Expenses	6,655	6,655	5,918	737
Engineering Services:				
Other Expenses	3,129	3,129	(2,159)	5,288
Historic Sites Office:				
Other Expenses	1,578	1,578	8	1,570
Aid to New Hampton				
Salaries & Wages	1,402	1,402	-	1,402
Other Expenses	637	637	419	218
Planning Board				
Other Expenses	1,635	2,554	2,554	-
Board of Adjustment:				
Other Expenses	-	541	541	-
Zoning:				
Other Expenses	900	900	-	900
Employee Group Insurance	6,678	6,678	611	6,067
Police:				
Other Expenses	1,139	14,586	14,586	-
Fire Hydrant Rental	56	161	161	-
Aid to Volunteer Fire Companies	-	16,800	16,800	-
Street and Road Maintenance:				
DPW-Roads-Snow	2,740	23,397	23,397	-
Other Expenses	29,948	29,948	15,069	14,879
Recycling Program				
Other Expenses	558	818	818	-
Buildings and Grounds:				
Other Expenses	15,870	25,981	25,981	-
Board of Health:				
Other Expenses	1,918	1,918	1,507	411
Environmental Health Services:				
Other Expenses	574	574	43	531
Recreation:				
Other Expenses	2,660	2,660	149	2,511
Maintenance of Parks:				
Other Expenses	246	354	354	-
Aid to Library	555	733	733	-
Utility Expenses:				
Electricity	270	6,089	6,089	-
Street Lighting	14	344	344	-
Telephone	554	1,028	1,028	-
Gasoline	351	3,578	3,578	-
LOSAP	7,800	13,800	13,800	-
Others	19,439	19,439		19,439
	<b>\$ 135,948</b>	<b>\$ 216,060</b>	<b>\$ 147,159</b>	<b>\$ 68,901</b>

REF.

A

A

A-4

A-1

**Analysis of Balance:**

Appropriation Reserves	\$ 135,948
Reserve for Encumbrances	80,112
	<b>\$ 216,060</b>



CURRENT FUND  
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 1,344,397
<b>Increased by:</b>		
2019 Taxes Collected in Advance	A-5	<u>221,160</u>
		1,565,557
<b>Decreased by:</b>		
Applied to 2018 Taxes Receivable	A-6	<u>1,344,397</u>
Balance December 31, 2018	A	<u>\$ 221,160</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

A-13

	<u>REF.</u>	
Balance December 31, 2017	A	<u>\$ 5,625</u>
Balance December 31, 2018	A	<u>\$ 5,625</u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 3,416
<b>Increased by:</b>		
2018 Levy:		
County Taxes	A-6	\$ 2,902,826
County Library Taxes	A-6	285,049
County Open Space Tax	A-6	277,234
Prior Year Added and Omitted Taxes	A-6	<div style="display: flex; justify-content: space-between;"> <span style="border-bottom: 1px solid black; width: 50px;"></span> <span>4,408</span> </div>
		<u>3,469,517</u>
		3,472,933
<b>Decreased by:</b>		
Payments	A-4	<u>3,468,525</u>
Balance December 31, 2018	A	<u>\$ 4,408</u>

CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
Balance December 31, 2017:			
School Tax Payable		\$ 346,738	
School Tax Deferred	A	<u>4,616,263</u>	\$ 4,963,001
<b>Increased by:</b>			
Levy - School Year July 1, 2018 to June 30, 2019	A-6		<u>10,124,520</u>
			15,087,521
<b>Decreased by:</b>			
Payments	A-4		<u>10,025,261</u>
Balance December 31, 2018:			
School Tax Payable	A	445,997	
School Tax Deferred		<u>4,616,263</u>	<u>\$ 5,062,260</u>
 <b>2018 Liability for Local District School Tax:</b>			
Tax Paid			\$ 10,025,261
Tax Payable 12/31/18			<u>5,062,260</u>
			15,087,521
Less -- Current Year Deferred			-
Less -- Tax Payable 12/31/17			<u>4,963,001</u>
 <b>Amount Charged to 2018 Operations</b>	 A-1		 <u>\$ 10,124,520</u>

CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2017:			
School Tax Payable		\$ 926,630	
School Tax Deferred	A	<u>1,837,452</u>	\$ 2,764,082
<b>Increased by:</b>			
Levy - School Year July 1, 2018 to June 30, 2019	A-6		<u>5,783,687</u>
			8,547,769
<b>Decreased by:</b>			
Payments	A-4		<u>5,655,925</u>
Balance December 31, 2018:			
School Tax Payable	A	1,054,392	
School Tax Deferred		<u>1,837,452</u>	<u>\$ 2,891,844</u>
 <b>2018 Liability for Regional High School Tax:</b>			
Tax Paid			\$ 5,655,925
Tax Payable 12/31/18			<u>2,891,844</u>
			8,547,769
Less -- Current Year Deferred			-
Less -- Tax Payable 12/31/17			<u>2,764,082</u>
 <b>Amount Charged to 2018 Operations</b>	 A-1		 <u>\$ 5,783,687</u>

CURRENT FUND  
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-17

REF.

**Increased by:**

2018 Municipal Open Space Tax  
Added/Omitted Taxes - 2018

A-6	\$	74,756	
A-6		<u>95</u>	\$ <u>74,851</u>
			74,851

**Increased by:**

Transfer to Open Space Trust Fund

A-4			\$ <u>74,851</u>
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CURRENT FUND  
SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY FOR  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-18

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 3,682
<b>Increased by:</b>		
Senior Citizens Deductions Per Tax Billings		\$ 4,473
Veterans Deductions per Tax Billings		<u>37,000</u>
		<u>41,473</u>
		45,155
<b>Decreased by:</b>		
Senior Citizens Deductions Disallowed by Tax Collector		-
Received in Cash from State	A-4	<u>41,473</u>
		<u>41,473</u>
Balance December 31, 2018	A	<u>\$ 3,682</u>

CURRENT FUND  
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/18</u>
NJ Transit-Penwell Road	\$ 22,500				\$ 22,500
Neighborhood Preservation Balanced Housing	5,000				5,000
Clean Communities	-	\$ 26,012	\$ 24,970	\$ 1,042	-
NJDOT Grant Hickory Run Guard Rails	120,000		58,479		61,521
NJDOT Grant Sliker Road	-	185,000			185,000
FEMA Generator Grant	81,041				81,041
Stormwater Grant	2,500				2,500
Highlands Water Protection	139,144				139,144
Totals	<u>\$ 370,185</u>	<u>\$ 211,012</u>	<u>\$ 83,449</u>	<u>\$ 1,042</u>	<u>\$ 496,706</u>
REF.	A	A-2	A-4	A-20	A



CURRENT FUND  
SCHEDULE OF RESERVE FOR STATE GRANTS-APPROPRIATED

A-20

	<u>BALANCE</u> <u>12/31/17</u>	TRANSFER FROM 2018 BUDGET <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/18</u>
Clean Communities - 18		\$ 26,012		\$ 1,042	\$ 24,970
Clean Communities - 17	\$ 34,702		\$ 25,019		9,683
Drunk Driving Enforcement Fund	13,835	2,523			16,358
Recycling Tonnage Grant CY 17		4,304			4,304
Recycling Tonnage Grant CY 16	4,686				4,686
Recycling Tonnage Grant CY 15	3,807				3,807
Recycling Tonnage Grant CY 14	5,406				5,406
Recycling Tonnage Grant CY 13	4,395		3,350		1,045
NJDOT-Penwell Road	27,593				27,593
Body Armor CY13	1,527				1,527
Body Armor CY12	1,215				1,215
Body Armor CY15	3,659				3,659
Body Armor CY17		129			129
Stormwater Grant CY 05	5,000				5,000
Stormwater Grant CY 06	5,000				5,000
Stormwater Grant CY 07	5,000				5,000
Stormwater Grant CY 08	5,000				5,000
Tree Grant	1,887				1,887
Click it or Ticket Grant	4,000				4,000
Highlands Initial Assessment Grant	5,104				5,104
Highlands Water Protection	118,531		1,160		117,371
NJDOT Grant Hickory Run Guard Rails	120,000		72,133		47,867
NJDOT Grant Sliker Road		185,000			185,000
Neighborhood Preservation - Balanced Housing	355				355
Law and Public Safety Grant	66,911				66,911
Environmental Protection Grant	7,232				7,232
<b>Totals</b>	<b>\$ 444,845</b>	<b>\$ 217,968</b>	<b>\$ 101,662</b>	<b>\$ 1,042</b>	<b>\$ 560,109</b>

REF .	A	A-3	A-19	A
	Cash	A-4	\$ 34,360	
	Encumbrances	A-10	67,302	
			<u>\$ 101,662</u>	

CURRENT FUND  
SCHEDULE OF RESERVE FOR STATE GRANTS-UNAPPROPRIATED

A-21

	<u>BALANCE</u>	<u>TRANSFER</u>	<u>TO</u>	<u>BALANCE</u>
	<u>12/31/17</u>	<u>2018 BUDGET</u>	<u>APPROPRIATIONS</u>	<u>12/31/18</u>
			<u>RECEIVED</u>	
Drunk Driving Enforcement Fund	\$ 2,523	2,523	\$ 2,646	\$ 2,646
Recycling Tonnage Grant	4,304	4,304		-
Alcohol Eduction Grant	129	129		-
Totals	<u>\$ 6,956</u>	<u>\$ 6,956</u>	<u>\$ 2,646</u>	<u>\$ 2,646</u>
REF .	A	A-20	A-4	A

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

A-22

REF.

**Increased by:**

2018 Tax Overpayments

A-5

\$ 341

**Decreased by:**

Refunds

A-4

\$ 341

CURRENT FUND  
SCHEDULE OF RESERVE FOR FEMA

A-23

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 131,171
Balance December 31, 2018	A	<u>\$ 131,171</u>

CURRENT FUND  
SCHEDULE OF DUE STATE OF NEW JERSEY - MARRIAGE FEES

A-24

	<u>REF.</u>	
<b>Increased by:</b>		
Receipts	A-4	\$ <u>868</u>
		868
<b>Decreased by:</b>		
Encumbured	A-10	\$ 75
Remittances	A-4	<u>600</u> <u>675</u>
Balance December 31, 2018	A	<u><u>\$ 193</u></u>

## **TRUST FUND SCHEDULES**

TRUST FUND  
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2017	B	\$ 43,809	\$ 1,887,965
<b>Increased by Receipts:</b>			
Dog License Fees	B-3	17,374	
State Dog License Fees	B-4	2,050	
Due Current Fund	B-5:6	292	
Museum Deposits	B-7		796
Developers Deposits	B-8		14,919
Driveway Bond Deposits	B-9		20
Unemployment Compensation Insurance	B-10		564
Library Fund Deposits	B-11		1,136
Recreation Commission Deposits	B-12		61
Fair Share Housing(COAH) Deposits	B-13		11,749
Off-Track Improvements Deposits	B-14		353
Open Space Deposits	B-15		77,675
Emergency Snow Removal	B-16		16,532
Accumulated Absences Deposits	B-17		46,474
Developers Escrow	B-18		25,495
Tax Sale Premiums	B-19		80,590
Environmental Trust Deposits	B-20		20
Outside Liens	B-21		1
Off-Duty Police Fees	B-22		33,208
Memorial Park Deposits	B-23		4,215
<b>Total Receipts</b>		19,716	313,808
		<b>63,525</b>	<b>2,201,773</b>
<b>Decreased by Disbursements:</b>			
Expenditures Under R. S. 4:19-15.11	B-3	15,511	
State Dog License Fees	B-4	2,058	
Museum Expenses	B-7		1,018
Developers Expenses	B-8		25,753
Driveway Refunds	B-9		1,500
Unemployment Compensation Insurance Transfers	B-10		95
Library Expenditures	B-11		1,289
Fair Share Housing	B-13		7,032
Open Space Payments	B-15		95,924
Storm Payments	B-16		11,400
Developers Escrow	B-18		22,542
Tax Sale Premiums	B-19		57,100
Environmental Trust Disbursements	B-20		461
Off-Duty Police Expenditures	B-22		25,063
Memorial Park Expenditures	B-23		4,863
<b>Total Disbursements</b>		17,569	254,040
Balance December 31, 2018	B	<b>\$ 45,956</b>	<b>\$ 1,947,733</b>

TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 43,672
<b>Increased by:</b>		
Dog License Fees Collected	B-2	<u>17,374</u>
		61,046
<b>Decreased by:</b>		
Expenditures Under R.S. 4:29-15.11	B-2	<u>15,511</u>
Balance December 31, 2018	B	<u>\$ 45,535</u>

Animal Control Fees Collected:	
2016	\$ 18,803
2017	<u>19,876</u>
	<u>\$ 38,679</u>



TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF  
NEW JERSEY DEPARTMENT OF HEALTH

B-4

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 8
 <b>Increased by:</b>		
Collected in 2018:		
State Board of Health Fees	B-2	2,050
		<u>2,058</u>
 <b>Decreased By:</b>		
Payments	B-2	<u>\$ 2,058</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 129
<b>Increased by:</b>		
Interest Credits	B-2	<u>292</u>
Balance December 31, 2018	B	<u>\$ 421</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
OTHER TRUST FUND

B-6

	<u>REF.</u>	<u>DUE FROM</u>
Balance December 31, 2017	B	\$ 38,167
<b>Increased by:</b>		
Outside Liens - Receipts Collected by Current Fund	B-21	<u>47,480</u> 85,647
<b>Decreased by:</b>		
Outside Liens - Amounts Refunded by Current Fund	B-21	<u>61,492</u>
Balance December 31, 2018	B	<u>\$ 24,155</u>
 <b><u>Detail:</u></b>		
Debt Service Adjustment Prior Years		\$ 8,832
Recreation Trust		4,244
Off Track Improvements		(1,921)
Tax Sale Premiums		<u>13,000</u> <u>\$ 24,155</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR MUSEUM DONATIONS

B-7

	<u>REF.</u>			
Balance December 31, 2017	A	\$ 12,819		
<b>Increased by:</b>				
Museum Deposits	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">796</td> </tr> <tr> <td style="text-align: right;">13,615</td> </tr> </table>	796	13,615
796				
13,615				
<b>Decreased by:</b>				
Museum Disbursements	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">1,018</td> </tr> </table>	1,018	
1,018				
Balance December 31, 2018	A	\$ <u><u>12,597</u></u>		

TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS

B-8

			<u>REF.</u>	
Balance December 31, 2017	A	\$		94,021
<b>Increased by:</b>				
Developers Deposits	B-2		<u>14,919</u>	108,940
				108,940
<b>Decreased by:</b>				
Developers Payments	B-2		<u>25,753</u>	
Balance December 31, 2018	A	\$		<u>83,187</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-9

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 4,112
<b>Increased by:</b>		
Driveway Deposits	B-2	<u>20</u> 4,132
<b>Decreased by:</b>		
Driveway Refunds	B-2	<u>1,500</u>
Balance December 31, 2018	A	<u>\$ 2,632</u>

TRUST FUND  
SCHEDULE OF UNEMPLOYMENT COMPENSATION INSURANCE  
TRUST DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 99,189
<b>Increased by:</b>		
Interest Credits	B-2	<u>564</u>
		99,753
<b>Decreased by:</b>		
Transfers to Current Fund	B-2	<u>95</u>
Balance December 31, 2018	B	<u>\$ 99,658</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR LIBRARY FUND

B-11

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 5,551
<b>Increased by:</b>		
Deposits and Interest Credits	B-2	<u>1,136</u>
		6,687
<b>Decreased by:</b>		
Expenditures	B-2	<u>1,289</u>
Balance December 31, 2018	A	<u><u>\$ 5,398</u></u>



TRUST FUND  
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

B-12

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 14,917
<b>Increased by:</b>		
Recreation Deposits	B-2	<u>61</u> 14,978
Balance December 31, 2018	A	<u>\$ 14,978</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR FAIR SHARE HOUSING (COAH) DEPOSITS

B-13

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 152,392
<b>Increased by:</b>		
COAH Deposits Received	B-2	<u>11,749</u>
		164,141
<b>Decreased by:</b>		
COAH Payments	B-2	<u>7,032</u>
Balance December 31, 2018	A	<u>\$ 157,109</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR OFF-TRACK IMPROVEMENTS

B-14

	<u>REF.</u>	
Balance December 31, 2017	A	\$ 60,060
<b>Increased by:</b>		
Off-Track Improvement Deposits	B-2	_____ 353 60,413
Balance December 31, 2018	A	\$ <u>60,413</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST DEPOSITS

B-15

	<u>REF.</u>						
Balance December 31, 2017	B	\$	1,012,016				
<b>Increased by:</b>							
Open Space Levy-2018	B-2	\$	74,851				
Interest Credits	B-2		<table style="width: 100%; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">2,824</td> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">77,675</td> </tr> <tr> <td style="text-align: right;">1,089,691</td> <td></td> </tr> </table>	2,824	77,675	1,089,691	
2,824	77,675						
1,089,691							
<b>Decreased by:</b>							
Open Space Expenditures	B-2		37,800				
NJ Environment Infrastructure Trust Debt Service	B-2		<table style="width: 100%; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">58,124</td> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">95,924</td> </tr> </table>	58,124	95,924		
58,124	95,924						
Balance December 31, 2018	B	\$	<u>993,767</u>				

TRUST FUND  
SCHEDULE OF RESERVE FOR EMERGENCY SNOW REMOVAL

B-16

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 47,908
<b>Increased by:</b>		
Deposits	B-2	<u>16,532</u>
		64,440
<b>Decreased by:</b>		
Storm Expenditures	B-2	<u>11,400</u>
Balance December 31, 2018	B	<u>\$ 53,040</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

B-17

	<u>REF.</u>		
Balance December 31, 2017	A	\$	258,071
<b>Increased by:</b>			
Deposits-Current Fund Budget Appropriation and Interest	B-2		<u>46,474</u>
			304,545
Balance December 31, 2018	A	\$	<u>304,545</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW

B-18

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 97,519
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>25,495</u>
		123,014
<b>Decreased by:</b>		
Deposits Returned	B-2	<u>22,542</u>
Balance December 31, 2018	B	<u>\$ 100,472</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-19

	<u>REF.</u>						
Balance December 31, 2017	B	\$	42,841				
<b>Increased by:</b>							
Premiums Received	B-2	\$	80,300				
Interest Credits	B-2		<table style="width: 100%; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">290</td> <td style="text-align: right; border-bottom: 1px solid black;">80,590</td> </tr> <tr> <td></td> <td style="text-align: right;">123,431</td> </tr> </table>	290	80,590		123,431
290	80,590						
	123,431						
<b>Decreased by:</b>							
Tax Sale Premiums Refunded	B-2		<table style="width: 100%; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">57,100</td> </tr> </table>	57,100			
57,100							
Balance December 31, 2018	B	\$	<u>66,331</u>				



TRUST FUND  
SCHEDULE OF RESERVE FOR ENVIRONMENTAL TRUST FUND

B-20

	<u>REF.</u>			
Balance December 31, 2017	B	\$ 4,084		
<b>Increased by:</b>				
Deposits	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; width: 50px; text-align: right;">20</td> </tr> <tr> <td style="text-align: right;">4,104</td> </tr> </table>	20	4,104
20				
4,104				
<b>Decreased by:</b>				
Disbursements	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; width: 50px; text-align: right;">461</td> </tr> </table>	461	
461				
Balance December 31, 2018	B	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px; text-align: right;">3,643</td> </tr> </table>	3,643	
3,643				

TRUST FUND  
SCHEDULE OF RESERVE FOR OUTSIDE LIENS

B-21

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 14,011
<b>Increased by:</b>		
Interest	B-2	\$ 1
Escrow Deposits	B-6	47,480
		47,481
		61,492
<b>Decreased by:</b>		
Deposits Returned	B-6	\$ 61,492

TRUST FUND  
SCHEDULE OF RESERVE FOR OFF-DUTY POLICE

B-22

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 5,121
<b>Increased by:</b>		
Fees	B-2	<u>33,208</u>
		38,329
<b>Decreased by:</b>		
Payroll Expenditures and Costs	B-2	<u>25,063</u>
Balance December 31, 2018	B	<u>\$ 13,266</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR MEMORIAL PARK

B-23

	<u>REF.</u>	
Balance December 31, 2017	B	\$ 1,500
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>4,215</u>
		5,715
<b>Decreased by:</b>		
Expenditures	B-2	<u>4,863</u>
Balance December 31, 2018	B	<u><u>\$ 852</u></u>

## **GENERAL CAPITAL FUND SCHEDULES**

GENERAL CAPITAL FUND  
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2017	C		\$ 856,355
<b>Increased by Receipts:</b>			
Interest Credits	C-5	\$ 3,563	
Premium of Bond Anticipation Note	C-1	10,207	
Interfund Balances Advanced-Current Fund	C-5	1,526,459	
Bond Anticipation Note Proceeds-Renewal	C-5	<u>3,024,231</u>	<u>4,564,460</u>
			5,420,815
<b>Decreased by Disbursements:</b>			
Improvements Authorizations Paid	C-10	265,543	
Bond Anticipation Note Payment	C-5	<u>3,934,866</u>	<u>4,200,409</u>
Balance December 31, 2018	C		<u>\$ 1,220,406</u>

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-3

	<u>REF.</u>	
Balance December 31, 2017	C	\$ 302,273
<b>Decreased by:</b>		
Serial Bonds Paid by Open Space Trust Fund	C-7	<u>51,962</u>
Balance December 31, 2018	C	<u>\$ 250,311</u>

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-4

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/17	NOTES PAID BY BUDGET APPROPRIATION	BALANCE 12/31/18	ANALYSIS OF BALANCE	
					DEBT AUTHORIZED, NOT ISSUED	DEBT ISSUED (BAN'S)
05-14	Acquisition of Development and Easement Rights	\$ 122,909		\$ 122,909	\$ 122,909	-
08-07	Police Garage, Generator, File Cabs, IT equip, Mason Dump Truck, Road Resurfacing	131,800	\$ 65,900	65,900		\$ 65,900
09-03	DPW Garage Feasibility	76,000	38,000	38,000		38,000
09-06; 10-03	Road Resurfacing, DPW vehicles & Lift, Fire Tanker	233,560	77,853	155,707		155,707
09-07	DPW Garage	676,940	225,647	451,293		451,293
10-14	Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	369,400	92,350	277,050		277,050
11-02	Fire and Rescue Squad Ambulance	91,552	22,888	68,664		68,664
11-07	DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	299,600	59,920	239,680		239,680
11-07	Amendment of Ordinance #2007-10 for Inclusion of Fire Department ATV and Ambulance Equipment.	32,825	-	32,825	32,825	-
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	427,500	71,250	356,250		356,250
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	327,750	54,625	273,125		273,125
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	391,874	65,313	326,561		326,561
14-08	Amendment of Ordinance #2008-07 for addition of Improvements to Municipal Building Basement, Fire Department Radios.	68,000		68,000	68,000	-
15-09	Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	441,000	49,000	392,000		392,000
16-02	New Automotive Vehicles	380,000		380,000		380,000
		<u>\$ 4,070,710</u>	<u>\$ 822,746</u>	<u>\$ 3,247,964</u>	<u>\$ 223,734</u>	<u>\$ 3,024,230</u>

REF.

C

C-8

C



GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-5

	REF.		
Balance December 31, 2017	C	\$	(118,946)
<b>Increased by:</b>			
Interest Credits	C-2	\$	3,563
Improvements Authorizations Paid by Current Fund	C-10		26,838
Interfund Balances Returned	C-2		<u>1,526,459</u>
			<u>1,556,860</u>
			1,437,914
<b>Decreased by:</b>			
Capital Improvement Fund - Current Fund Appropriation	C-6		500,000
Bond Anticipation Notes Principle and Interest Paid from General Capital Fund	C-2		<u>910,635</u>
			<u>1,410,635</u>
Balance December 31, 2018	C	\$	<u>27,279</u>

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2017	C	\$ 274,432
<b>Increased by:</b>		
2018 Budget Appropriations	C-2	<u>500,000</u>
		774,432
<b>Decreased by:</b>		
Appropriation to Finance Improvement Authorizations	C-10	<u>382,000</u>
Balance December 31, 2018	C	<u>\$ 392,432</u>

GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY TRUST LOAN PROGRAM

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORD#</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/17</u>	<u>DECREASED</u>	<u>BALANCE 12/31/18</u>
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$470,135	2019-2023	\$22,208 to \$26,904	None	\$ 127,674	\$ 22,773	\$ 104,901
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$175,000	2019-2023	\$5,000 to \$15,000.	3.0% to 5.0%	70,000	10,000	60,000
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$341,266	2019-2024	\$8,282 to \$18,836	None	44,599	14,189	30,410
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$120,000	2019-2024	\$5,000 to \$10,000	3.0% to 5.0%	60,000	5,000	55,000
							<b>\$ 302,273</b>	<b>\$ 51,962</b>	<b>\$ 250,311</b>
REF.					-		C	C-3	C

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

ORDINANCE NUMBER	<u>IMPROVEMENT DESCRIPTION</u>	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE <u>12/31/17</u>	<u>DECREASED</u>	BALANCE <u>12/31/18</u>
08-07	Police Garage, Generator, File Cabs, IT equip, Mason Dump Truck, Road Resurfacing	12/23/09	7/26/2018	7/26/19	2.05%	\$ 131,800	\$ 65,900	\$ 65,900
09-03	DPW Garage Feasibility	12/23/09	7/26/2018	7/26/19	2.05%	76,000	38,000	38,000
09-07	DPW Garage	9/10/10	7/26/2018	7/26/19	2.05%	676,940	225,647	451,293
10-03	Road Resurfacing, DPW Trucks, Vehicle Lift, Library Heating, Tanker Fire Turck	9/10/10	7/26/2018	7/26/19	2.05%	233,560	77,853	155,707
11-02	Fire and Rescue Squad Ambulance	9/9/11	7/26/2018	7/26/19	2.05%	91,552	22,888	68,664
11-07	DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	9/7/12	7/26/2018	7/26/19	2.05%	299,600	59,920	239,680
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	9/6/13	7/26/2018	7/26/19	2.05%	427,500	71,250	356,250
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	9/6/13	7/26/2018	7/26/19	2.05%	327,750	54,625	273,125
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	9/6/13	7/26/2018	7/26/19	2.05%	391,874	65,313	326,561
17-4	Resurface Red Mill Road; Sealing program; Calcium Storge Tank; Electronic Message Sign; Museum Improvements	8/24/17	7/26/2018	7/26/19	2.05%	380,000		380,000
10-14	Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	2/4/11	7/26/2018	7/26/19	2.05%	369,400	92,350	277,050
15-09	Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	1/29/16	7/26/2018	7/26/19	2.05%	441,000	49,000	392,000
						<b>\$ 3,846,976</b>	<b>\$ 822,746</b>	<b>\$ 3,024,230</b>

GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES

C-9

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>12/31/18</u>
Fire Truck and Ambulance	<u>\$ 17,233</u>	<u>\$ 17,233</u>
	<u>\$ 17,233</u>	<u>\$ 17,233</u>
REF.	C	C

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-10

IMPROVEMENT DESCRIPTION	NUMBER	ORDINANCE DATE	AMOUNT	BALANCE 12/31/17		CAPITAL IMPROVEMENT FUND	PAID OR CHARGED	BALANCE 12/31/18	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
New Municipal Garage	08-12	12/17/08	\$ 38,058	\$	1,536			\$	1,536
DPW Garage Feasibility	09-03	4/15/09	200,000			\$	111,343		\$ 111,343
Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	10-14	10/20/10	665,000						122,281
Fire and Rescue Squad Ambulance	11-02	1/19/11	175,000				\$	178	-
Amendment of Ordinance #2007-10 for Inclusion of Fire Department ATV and Ambulance Equipment.	11-07	8/3/11	35,000					325	3,451
Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	12-01	8/1/12	460,000						80,358
DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	13-09	6/19/13	550,000						48,126
Amendment of Ordinance #2008-07 for addition of Improvements to Municipal Building Basement, Fire Department Radios.	14-08	11/5/14	71,500						42,299
Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	15-09	12/16/15	515,000						1,254
New Automotive Vehicles	16-02	2/17/16	400,000					291,878	68,264
Various road resurfacing, new pickup truck	16-05	6/1/16	340,000		2,654				2,654
Various road resurfacing	17-04	8/2/17	382,000		88,377				88,377
Various road resurfacing; pick-up truck; trailer; salt spreader; SCUBA equipment for FD	18-05	9/5/18	382,000			\$	382,000		382,000
				\$	92,567	\$	769,757	\$	382,000
						\$	292,381	\$	474,567
									477,376
REF.				C	C	C-6		C	C
						C-2	\$	265,543	
						C-5		26,838	
							\$	292,381	

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE OPEN SPACE TRUST FUND

C-11

REF.

**Increased by:**

Interfund Balances Advanced

C-2

\$ 798,345

**Decreased by:**

Interfund Balance Returned

C-2

\$ 798,345

**SCHEDULE OF GENERAL FIXED ASSETS**





GENERAL FIXED ASSETS  
SCHEDULE OF ADDITIONS AND DELETIONS  
DECEMBER 31, 2018

F-1

	<u>BALANCE</u> <u>12/31/17</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/18</u>
General Fixed Assets:			
Land	\$ 3,510,219		\$ 3,510,219
Buildings	4,787,073		4,787,073
Machinery and Equipment	<u>9,051,169</u>	<u>\$ 291,878</u>	<u>9,343,047</u>
Total General Fixed Assets	<u>\$ 17,348,461</u>	<u>\$ 291,878</u>	<u>\$ 17,640,339</u>



**PART III  
SUPPLEMENTARY INFORMATION**

**General Comments**

**Report on Internal Control over Financial Reporting and  
Compliance and Other Matters based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Schedule of Federal/State Awards**

**Status of Prior Audit Findings**

**Schedule of Findings and Responses**



## **GENERAL COMMENTS**

### **Scope of Audit**

The audit of the financial statements of the Township of Lebanon, County of Hunterdon, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and the records of the various outside departments.

### **Contracts and Agreements Requiring Advertisement for Bids**

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$40,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method of authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 3, 2018, adopted the following resolution authorizing interest to be charged on delinquent taxes:

“Be It Resolved that pursuant to R.S.54:4-67, the Township Committee of the Township of Lebanon, County of Hunterdon, and State of New Jersey, hereby fixes the rate of interest to be charged on all delinquent taxes for the year 2004 at the rate of eight (8) per cent per annum for the first \$1,500 and eighteen (18) per cent for amounts over \$1,500.

Be It Further Resolved, that notwithstanding the above provision, no interest shall be charged if payment of any quarterly installment is made within ten (10) days after the date upon which the same become payable according to the laws in such cases made and provided. If such payment is not made within the ten (10) days grace period, the above rate of interest shall run and accrue from the original due date of such taxes.”

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 3, 2018, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2018, include property taxes outstanding from the 2018 tax levy.

A tax sale was held on October 14, 2018 and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2018	25
2017	24
2016	23

**Verification of Delinquent Taxes and Other Charges**

Verification notices were mailed to confirm balances as of November 15, 2018. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax Date of Circulars - November 15, 2018				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2018 Property Tax	Positive	2,954	25	13
2019 Property Tax	Positive	2,954	25	13



**Technical Accounting Directives**

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Lebanon to these new directives are as follows:

<u>Requirement</u>	<u>FY 2018 Required Implementation</u>	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System		X
B. Encumbrance Accounting		X
C. Purchase Order System		X
D. Fixed Asset Accounting and Reporting System		X

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-**  
**CURRENT FUND**

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2018</u>	<u>%</u>	<u>YEAR 2017</u>	<u>%</u>
Fund Balance Utilized	\$ 550,000	2.10%	\$ 500,000	1.98%
Miscellaneous - From Other Than				
Local Property Tax Levies	3,452,325	13.21%	3,507,095	13.89%
Collection of Delinquent Taxes and				
Tax Title Liens	422,188	1.62%	301,037	1.19%
Collection of Current Tax Levy	<u>21,714,611</u>	<u>83.07%</u>	<u>20,942,937</u>	<u>82.94%</u>
<b>Total Income</b>	<u>26,139,124</u>	<u>100.00%</u>	<u>25,251,069</u>	<u>100.00%</u>

**EXPENDITURES**

Budget Expenditures:				
Municipal Purposes	5,956,700	23.35%	5,593,781	22.65%
Open Space Trust	74,851	0.29%	74,596	0.30%
County Taxes	3,469,517	13.60%	3,382,131	13.69%
Local and Regional Taxes	15,908,207	62.36%	15,454,162	62.57%
Other Expenditures	<u>102,130</u>	<u>0.40%</u>	<u>194,096</u>	<u>0.79%</u>

<b>Total Expenditures</b>	<u>25,511,405</u>	<u>100.00%</u>	<u>24,698,766</u>	<u>100.00%</u>
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Excess in Revenue	627,719		552,303	
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>47,890</u>		<u>-</u>	

<b>Statutory Excess to Fund Balance</b>	675,609		552,303	
---	---------	--	---------	--

Fund Balance January 1	752,461		700,158	
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Less:

Utilization as Anticipated Revenue	<u>550,000</u>		<u>500,000</u>	
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Fund Balance December 31	<u>\$ 878,070</u>		<u>\$ 752,461</u>	
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**Comparative Schedule of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.950</u>	<u>\$2.860</u>	<u>\$2.768</u>
<u>Apportionment of Tax Rate:</u>			
Municipal Open Space	0.010	0.010	0.010
Municipal	0.347	0.322	0.280
County	0.427	0.417	0.416
County Open Space	0.038	0.037	0.037
Local School	1.354	1.332	1.309
Regional High School	0.774	0.742	0.716

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2018	\$747,444,520
2017	\$745,203,175
2016	\$743,720,630

**Comparison of Tax Levies and Collection Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 22,088,854	\$21,714,611	98.30%
2017	\$ 21,335,261	\$20,942,937	98.16%
2016	\$ 20,629,174	\$20,295,884	98.38%

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$173,862	\$353,533	\$527,395	2.39%
2017	\$178,025	\$373,119	\$551,144	2.58%
2016	\$145,419	\$310,233	\$455,652	2.21%

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$94,200
2017	\$94,200
2016	\$94,200

**Comparative Schedule of Fund Balances**

<u>Year</u>	<u>Balance December 31</u>	<u>Regular</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Defer School Tax</u>
2018	\$ 878,070	* \$ 650,000		None
2017	\$ 752,461	\$ 550,000		None
2016	\$ 700,158	\$ 325,000		\$175,000
2015	\$ 694,080	\$ 465,398		\$225,000
2014	\$ 989,411	\$ 460,729		\$525,000
2013	\$ 1,034,279	\$ 630,000		\$500,000
2012	\$ 1,251,212	\$ 864,000		\$300,000
2011	\$ 1,003,520	\$ 329,838		\$670,000
2010	\$ 1,028,381	\$ 625,000		\$375,000

\*Approved (Introduced) Budget

**Officials in Office and Surety Bonds**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Mike Schmidt	Mayor		
Tom McKee	Committee		
Marc Laul	Committee		
Brian Wunder	Committee		
Beverly Koehler	Committee		
Karen Sandorse	Township Clerk		
Gregory J. Della Pia	Chief Financial Officer	\$1,000,000	NJ Joint Insurance Fund

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Mary Hyland	Tax Collector	\$1,000,000	NJ Joint Insurance Fund
Richard Cushing	Attorney		
Mary Mastro	Assessor		
Chris J. Mattson	Police Chief		

The minimum bond coverage for the Tax Collector based on prior years' tax levies is as follows:

<u>Year</u>	<u>Amount</u>
2018	\$130,960

All other officials handling monies, except the Collector, CMFO and Treasurer, were covered by a **faithful performance blanket position** bond in the amount of \$10,000 by the Selective Insurance Company.

All the bonds were examined and were properly executed.





# **ARDITO & Co., LLP**

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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

The Honorable Mayor and  
Members of the Township Committee  
Township of Lebanon  
530 West Hill Road  
Glen Gardner, New Jersey 08826

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Lebanon in the County of Hunterdon, State of New Jersey, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Township of Lebanon's basic financial statements, and have issued our report thereon dated April 30, 2019, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

-Continued-

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

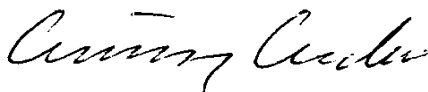
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARDITO & CO., LLP



Frenchtown, New Jersey  
April 30, 2019



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & CO., LLP  
Frenchtown, New Jersey  
April 30, 2019



## **SCHEDULE OF FEDERAL/STATE AWARDS**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**K-3**

FEDERAL GRANTOR/PROGRAM TITLE	CFDA	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH	RECEIPTS		DISBURSEMENTS	CASH	TOTAL
					ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/18	PROGRAM	OTHER	ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/18	DISBURSEMENTS	
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>										
Hazzard Mitigation Grant (HMGP)	97.039	\$ 307,256	2015	A	\$ 131,171				\$ 131,171	\$ 196,456
Hazzard Mitigation Grant (HMGP)	97.039	81,041	2016	A	(81,041)				(81,041)	81,041
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>										
NJ Transportation Fund Authority Act										
Penwell Road	20.600	N/A	Prior Year	A	5,093				5,093	
Hickory Run Guard Rails	20.600	120,000	2017	A		\$ 58,479		\$ 72,133	(13,654)	72,133
					<u>\$ 55,223</u>	<u>\$ 58,479</u>	<u>-</u>	<u>\$ 72,133</u>	<u>\$ 41,569</u>	<u>\$ 349,630</u>

**Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance Circular.**

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

**SCHEDULE OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

K-4

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH	RECEIPTS		DISBURSEMENTS	CASH
					ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/18	PROGRAM	OTHER	ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/18	
<b>DEPT. OF COMMUNITY AFFAIRS</b>									
Neighborhood Perservation									
Balanced Housing	N/A		Prior Years	A	\$ (4,645)				\$ (4,645)
<b>DEPT. OF ENVIRON. PROTECTION</b>									
Solid Waste Adm.-Clean	4900-765-178900	\$24,970	2018	A		\$ 24,970			24,970
Communities Program			Prior Years	A	34,702		\$ 25,019		9,683
<b>DEPT. OF PUBLIC SAFETY</b>									
Criminal Justice - Body Armor	N/A	1,142	2016	A	1,142				1,142
Criminal Justice - Body Armor	N/A	1,258	2015	A	1,258				1,258
Criminal Justice - Body Armor	N/A	1,259	2014	A	1,259				1,259
Criminal Justice - Body Armor	N/A	1,527	2013	A	1,527				1,527
Criminal Justice - Body Armor	N/A	1,288	2012	A	1,215				1,215
Drunk Driving Enforcement	4250-760-050000-63	2,646	2018	A		2,646			2,646
Drunk Driving Enforcement	4250-760-050000-63	2,523	2017	A	2,523				2,523
Drunk Driving Enforcement	4250-760-050000-63	2,520	2016	A	2,520				2,520
Drunk Driving Enforcement	4250-760-050000-63	3,017	2015	A	3,017				3,017
Drunk Driving Enforcement	4250-760-050000-63	1,982	2014	A	1,982				1,982
Drunk Driving Enforcement	4250-760-050000-63	1,910	2013	A	1,910				1,910
Drunk Driving Enforcement	4250-760-050000-63	1,599	2012	A	1,599				1,599
Drunk Driving Enforcement	4250-760-050000-63	1,483	2009	A	1,483				1,483
Drunk Driving Enforcement	4250-760-050000-63	2,646	2008	A	1,324				1,324
Law and Public Safety Grant	N/A	42,553	2014	A	42,553				42,553
Law and Public Safety Grant	N/A	24,358	2013	A	24,358				24,358
<b>OTHER STATE AIDS</b>									
Recycling Tonnage Program	N/A	4,304	2009-2017	A	22,598			3,350	19,248
Alcohol Education Grant	N/A	129	2017	A	129				129
Environmental Protection Grant	N/A	7,232	2015	A	7,232				7,232
Storm Water Grant	02-1736-00	5,000	2004-2009	A	17,500				17,500
Tree Grant	N/A	N/A	2005	A	1,887				1,887
Click it or Ticket	N/A	N/A	2007	A	4,000				4,000
Highlands Initial Assessment Grant	N/A	20,000	2008	A	5,104				5,104
Highlands Water Protection Grant	N/A	147,800	2013	A	(20,613)			1,160	(21,773)
<b>TOTAL STATE ASSISTANCE</b>					<b>\$ 157,564</b>	<b>\$ 27,616</b>	<b>\$ -</b>	<b>\$ 29,529</b>	<b>\$ 155,651</b>

**Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 15-08.**

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF LEBANON

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2018

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Lebanon. The Township of Lebanon is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, these schedules were not subject to an audit in accordance with OMB Uniform Guidance or NJOMB Circular 15-08.

**NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

## **STATUS OF PRIOR AUDIT FINDINGS**



**STATUS OF PRIOR AUDIT FINDINGS**

CY  
Occurrence

None





**SCHEDULE OF FINDINGS AND RESPONSES**  
**GENERAL FINDINGS**



**SCHEDULE OF FINDINGS AND RESPONSES**

**GENERAL FINDINGS**

YEAR ENDED DECEMBER 31, 2018

Summary of Auditor's Results

The Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Uniform Guidance and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2018 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

None